Distr.
GENERAL

IDB.30/SR.4
27 July 2005

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Thirtieth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 21 June 2005, at 3 p.m.

President: Mr. STELZER (Austria)

CONTENTS

Agenda item		*Paragraphs*
14	Recommendation of a candidate for the post of Director-General (*continued*)	1 - 44
5	Programme and budgets, 2006-2007	45 - 56
6	Implementation of the medium-term programme framework, 2004-2007	57 - 82
9	Medium-term programme framework, 2006-2009	

This record is subject to correction.

Corrections should be submitted in one of the working languages, set forth in a memorandum and/or incorporated in a copy of the record. They should be sent to the Chief, Conference Management Service, room D0708.

In accordance with the rules of procedure of the Board, corrections may be submitted within seven days of the receipt of the record or of the closure of the session, whichever is later. Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued after the end of the session.

V.05-86016 (E)

The meeting was called to order at 3.15 p.m.

RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL (*continued*)
(IDB.30/19 and Add.1, IDB.30/20)

1. **The PRESIDENT** welcomed the successful candidate for recommendation by the Board as the new Director-General, Mr. Kandeh Yumkella.

2. **Mr. YUMKELLA** (Director-General designate) said that he felt humbled and honoured to be standing before the Board as its chosen candidate as Director-General of UNIDO. Humbled, because he believed that greatness depended on divine intervention and the faith of men and women. He came from a small village; when he had telephoned his mother in the capital, Freetown, to tell her of his successful election, he had been told that she had gone to the village to pray for him. Honoured, because the Member States of UNIDO had expressed confidence in his ability to lead such a great institution.

3. He believed in consensus. He was not the representative of Africa but of all the Member States of UNIDO. During the recent campaign, he had endeavoured to visit most of the missions in Vienna that were members of the Board. Consensus-building would be the hallmark of his term in office, not only among Member States, but also among his staff. He had been involved in the reform and transformation of UNIDO and had served two great leaders, Mr. Mauricio de Maria y Campos and Mr. Carlos Alfredo Magariños. Now, although he would be influenced by what he had learned from them, he would lead the Organization on the basis of his own philosophies.

4. In the course of the campaign, he had been challenged on many issues, and had as a result grown more mature and more confident about what needed to be done for and with UNIDO. He had set down in writing his own ideas and those that had emerged from discussions with representatives of Member States so that they might become a social contract between the Director-General and the Member States. He considered his management philosophy to be of particular importance. He recalled how, when visiting one embassy in the early days of the campaign, he had been taken by surprise by being asked about his management philosophy; subsequently, he had been better prepared when other Ambassadors had asked the same question. Some of the content of his policy document would be familiar to some Member States, because he was a manager who listened: like his ancestors, who had been chiefs in Africa, he had been taught that a good leader listened to his people, led with humility and believed in his people.

5. UNIDO could not be great without its staff. He wanted to inspire and challenge his staff; he warned that, as somebody who came from one of the poorest countries in the world, he would expect his staff to prove that it was up to the challenge of poverty alleviation. He recalled that he was the only Director of UNIDO who had stepped down to serve in the field; he believed in the field system. For UNIDO to have an impact on the Millennium Development Goals, it must not only have a presence in the field, but must also be effective. His staff would have to maintain flexibility; if he as a Director could serve in the field, nobody was immune. His staff must prove their relevance and their ability to deal with the poor and the disadvantaged at the country level.

6. He hoped, in time, to be able to keep his promise to address Member States in at least two languages—French as well as English. He knew the job of Director-General to be a tough and lonely one. He therefore asked Member States to be patient with him as he tried to lead the Organization so that it addressed the needs of developing countries and of countries with economies in transition, at the same time helping developed countries to achieve global mandates. He remained open to dialogue, but asked Member States not to tie his hands, but to give him a budget that would enable his staff to deliver. He also asked them to be open to new ideas, because he believed that UNIDO must be ready to look at other paradigms of development. He would ensure that a great deal of emphasis was put on South-South cooperation. Some of the countries that had done the most work to alleviate poverty at the national level were in Asia, and UNIDO should learn from their example. South-South cooperation must be made a reality, and the mobilization of funds was important in that respect. Member States should not forget that poverty alleviation was about people: theory must lead to practice, and practice must be financed well. All should work together for the greatness of UNIDO.

7. **The PRESIDENT** said that the overwhelming success of Mr. Yumkella in the first series of ballots augured well for the Organization, since it showed that the Board was united behind him as future leader. He was in no doubt that Mr. Yumkella would lead the Organization well. As a component of the United Nations family, UNIDO would have to function within the structure of the United Nations system in order to be able to deliver technical assistance in the manner expected of it. The Board would do its utmost to provide the Director-General designate with a budget that allowed him to deliver what the Member States asked of him.

8. **Mr. RAMZY** (Egypt), speaking on behalf of the African Group, expressed heartfelt congratulations to Mr. Yumkella and extended thanks to all those delegations that had supported his candidacy. The overwhelming support received by Mr. Yumkella was not only a decisive vote of confidence in him, but was also a tribute to the collective wisdom of Africa. Africa was confident that Mr. Yumkella would build on the outstanding work done by Mr. Magariños during his eight-year tenure. Attention should now be focused on ensuring a seamless transition. He wished Mr. Yumkella every success in the important tasks that lay ahead of him and assured him of Africa's support and cooperation.

9. **Mr. BAZOBERRY OTERO** (Bolivia), speaking on behalf of the Group of Latin American and Caribbean Countries (GRULAC), expressed his congratulations to Mr. Yumkella; he was convinced that Africa's time had come, and that Mr. Yumkella would continue to strengthen UNIDO. GRULAC recognized Mr. Yumkella's professional capabilities and was sure that his leadership would be beneficial to all Member States.

10. **Mr. FABER** (Luxembourg), speaking on behalf of the European Union and of Bulgaria, Romania, Croatia, Turkey, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, Norway and Ukraine, expressed his pleasure at Mr. Yumkella's success. The European Union had been impressed at the dynamism with which Mr. Magariños had carried through the necessary reforms, which had resulted in effective and efficient programme delivery; not only had UNIDO's presence and esteem on the international scene increased, but so had its contribution to international development efforts, and in particular to the achievement of the Millennium Development Goals. He had every confidence in Mr. Yumkella's ability to continue with that process, consolidate the gains and further enhance UNIDO's profile among international organizations. It was essential that UNIDO remained focused on the areas in which it enjoyed comparative advantage, and offered clearly defined services that contributed to sustainable industrial development in developing and transitional economies and to the achievement of the relevant international development goals. The European Union welcomed the appointment of an African Director-General, given the unique development challenges faced by the African continent, and in particular by sub-Saharan Africa. Although he was confident that Mr. Yumkella would be well placed to ensure that Africa continued to receive special attention, it was also important to ensure that other regions received due attention. The European Union looked forward to working with Mr. Yumkella in a mutually supportive and cooperative manner, in order to ensure that UNIDO maintained and further enhanced its position in the international development community.

11. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China, said that Mr. Yumkella deserved the prestigious position of Director-General and had shown courage in taking on the task of assisting the industrial development of developing countries.

12. **Mr. ELDIN ELAMIN** (Sudan), after paying tribute to Mr. Magariños for his efficient running of the Organization, expressed confidence in Mr. Yumkella's ability to guide the work of UNIDO; the appointment of the first African Director-General was a milestone in the history of the Organization and represented a chance for Africa to play a pioneering role in overcoming the problems experienced by developing countries around the world. Mr. Yumkella's appointment was particularly striking because Sierra Leone was a country that had in the past been a cause for concern; he wished Sierra Leone continued stability and progress in future. Mr. Yumkella's election would show rural and poor communities that success did not recognize colours or borders, and could be achieved through hard work.

13. **Mr. HONSOWITZ** (Germany) announced that the German Government had decided to offer a voluntary contribution to the UNIDO programme activities of 1.1 million euros, for the development of small and medium enterprises in the pharmaceutical sector in less developed countries, in order to build up local production capacity. Mr. Yumkella should see the contribution as a token of his country's support for UNIDO, and Mr. Magariños as a clear demonstration of his success in winning back Member States' support for UNIDO. He trusted that the Director-General and his designated successor would work together to ensure a smooth transition.

14. **Mr. BAZOBERRY OTERO** (Bolivia), speaking for his own country, said that he felt certain that under Mr. Yumkella's leadership the Organization would continue to gain strength as a global forum and an agent for technical cooperation, to the benefit of developing countries. Development would facilitate improved economic relations in a competitive, globalized world. He expressed Bolivia's support for the Organization's ongoing work in Latin America and the Caribbean.

15. **Mr. ZNIBER** (Morocco) said that Mr. Yumkella's election demonstrated the firm support of the Board, showing that Member States were ready to be mobilized in support of UNIDO. His country welcomed the direction that UNIDO was taking, since his delegation was convinced that economic multilateralism was vital for the peaceful development of relations between countries. Although the job facing Mr. Yumkella was difficult, it was also noble.

16. **Ms. LAL LOKESH** (India) said that it had been long overdue for UNIDO to have a competent representative of Africa at its head, and Mr. Yumkella had fulfilled that aspiration. The Board had reposed its faith in him because of his outstanding qualifications and his intimate experience with UNIDO's work both at Headquarters and in the field.

17. **Mr. VILLEMUR** (France) said that his country welcomed the election of an African to the post of Director-General of an Organization for which Africa was a priority. He was certain that Mr. Yumkella's familiarity with the Organization's work at Headquarters and in the field would enable him to be effective in the post. Mr. Yumkella would build on the achievements of Mr. Magariños: under his leadership, the Organization would continue to improve its effectiveness in the areas in which it enjoyed a comparative advantage over other organizations of the United Nations system. He assured the Director-General designate of France's continued support.

18. **Mr. MIGEREKO** (Observer for Uganda) thanked those who had supported his country's candidate for the post of Director-General. He accepted the outcome of the democratic process and wished to assure Mr. Yumkella of Uganda's total commitment to the objectives of UNIDO. Uganda would support the new Director-General designate to ensure that his term in office was successful; he considered Mr. Yumkella's election to be a great honour and responsibility for Africa.

19. **Mr. NGENO** (Kenya) expressed his sincere congratulations to Mr. Yumkella. The nomination was an honour for Mr. Yumkella himself, for his country, Sierra Leone, and for the whole of Africa. Mr. Yumkella would discharge his onerous duties with competence and efficiency.

20. **Mr. NAQVI** (Pakistan), speaking on behalf of the Asian Group, congratulated Mr. Yumkella, whose proven abilities and qualities of leadership would strengthen the Organization. Mr. Yumkella would, he was sure, give due consideration to the needs of Asian countries. He hoped that the principle of geographical rotation, which had been cited during the election discussions, would be extended to other senior posts within UNIDO.

21. **Mr. GHASSAN TAYARA** (Syrian Arab Republic) congratulated Mr. Yumkella and his country, Sierra Leone. Mr. Yumkella's clear victory in the ballot was a sign of Member States' confidence in him, and Mr. Yumkella was certainly capable of meeting their expectations.

22. **Ms. HE Wangyang** (China) extended her warm congratulations to Mr. Yumkella and commended his well thought-out plans for the future of UNIDO. She also paid tribute to the other two candidates. China would continue to contribute, with other Member States, to the reform and development of UNIDO.

23. **Mr. CHIKANDA** (Zimbabwe) congratulated Mr. Yumkella on his nomination and on the inspiring statement he had just made. He would be taking over an Organization revitalized by the efforts of the current Director-General, Mr. Magariños. Mr. Yumkella could count on Zimbabwe's support.

24. **Mr. OMOTADE** (Nigeria) congratulated Mr. Yumkella on his nomination, which was a welcome event for the least developed countries and for the African continent and a victory for the principle of geographical rotation of senior posts.

25. Nigeria, which currently held the chairmanship of the African Union and of the Conference of African Ministers of Industry, was pleased that the candidate endorsed by the African Union had been nominated. He called upon all Member States to support Mr. Yumkella and suggested that he should be involved in any major project or personnel issues which might arise in the months preceding his accession to the post of Director-General.

26. UNIDO had introduced many projects to combat poverty, but they would only be effective if they received adequate funding. He called upon UNIDO to increase the quality, quantity and funding of technical cooperation delivery aimed at poverty reduction, in order to achieve the Millennium Development Goals.

27. **Mr. CHO Chang-beom** (Republic of Korea) said that Mr. Yumkella's professionalism and outstanding qualities of leadership would help him to guide the work of UNIDO as a leading international development organization. Member States and the Secretariat must work together to ensure a smooth takeover by the new Director-General. He assured Mr. Yumkella of his country's full support.

28. **Mr. PEREZ OTERMIN** (Uruguay) said that, on meeting Mr. Yumkella, he had been impressed by his personal qualities as well as his professional abilities and thorough knowledge of the Organization. Mr. Yumkella would be the first Director-General to have real field experience. He welcomed Mr. Yumkella's nomination.

29. **Mr. DAVIES** (South Africa) said that his country had been motivated to join UNIDO a few years previously by its strong focus on Africa. South Africa would work with Mr. Yumkella to strengthen UNIDO's role further, especially in the southern half of the continent.

30. **Ms. FEROUKHI** (Algeria) thanked Germany for the voluntary contribution which it had just announced, and which she hoped would encourage others.

31. She congratulated Mr. Yumkella on his nomination and commended the current Director-General, Mr. Magariños, on his remarkable achievements for the Organization. She was sure that the two men would continue to work closely together during the transitional period.

32. She thanked Iraq for withdrawing its candidate in favour of the one proposed by the African Union. However, the fact that Iraq had proposed a candidate marked the country's welcome return to the community of nations.

33. **Mr. EISINGERICH** (Austria) congratulated Mr. Yumkella on the overwhelming support he had obtained in the very first ballot. Austria, as the host country of UNIDO, was committed to promoting the effective functioning of the Organization. His delegation would study with interest Mr. Yumkella's statement of his plans for the future.

34. **Mr. ZAGREKOV** (Russian Federation) congratulated Mr. Yumkella on his well-deserved nomination. Mr. Yumkella could count on the full support of the Russian Federation in his efforts to enhance the effectiveness and authority of UNIDO.

35. **Mr. AL-ARAJI** (Observer for Iraq) congratulated Mr. Yumkella and assured him of Iraq's full cooperation. He thanked the many representatives who had welcomed Iraq's candidature for the post of Director-General.

36. **Ms. VASSALLO** (Observer for Peru) welcomed Mr. Yumkella's nomination and assured him of her country's full support.

37. **Ms. DAMIBA** (Observer for Burkina Faso) said that the African countries were very pleased that UNIDO was to have a Director-General from their region for the first time. The nomination process, which had taken place without polemics or excessive debate, had done credit to all concerned. She congratulated Mr. Yumkella and wished him every success in responding to the challenges and problems of developing countries, especially in Africa. She called upon donors to give Mr. Yumkella the resources he needed to carry out his mission, as Germany had already pledged to do.

38. **Mr. VIDANAPATHIRANA** (Observer for Sri Lanka) said that Mr. Yumkella's extensive experience in international development would be a great advantage in the fulfilment of his mandate. He assured Mr. Yumkella of Sri Lanka's continued support.

39. **Mr. V. C. GARCIA III** (Philippines) congratulated Mr. Yumkella on his nomination and hoped that the principle of equitable geographical representation, cited during the nomination debate, would also be applied to other key posts within UNIDO.

40. **Mr. SVENDSEN** (Norway) said that Mr. Yumkella's introductory remarks that afternoon showed his willingness to listen both to Member States and to his own staff. Norway looked forward to working with him.

41. **Ms. TANKEU** (African Union) thanked the representatives of other regions for supporting the nomination of Mr. Yumkella so decisively. Africa would take the opportunity to share other regions' experiences in order to pursue its development agenda.

42. **Mr. RWENDEIRE** (Managing Director, Programme Development and Technical Cooperation Division) said that he and Mr. Yumkella had agreed prior to the election that, if one of them won the nomination, the other would support him unreservedly. He now wished to state publicly that he would put his experience at Mr. Yumkella's disposal in whatever capacity Mr. Yumkella saw fit. He thanked Member States for nominating a candidate from Africa.

43. **Ms. HIROSE** (Deputy to the Director-General and Managing Director, Programme Coordination and Field Operations Division), speaking on behalf of the staff of UNIDO, expressed her warm congratulations to Mr. Yumkella, who would be the first Director-General of the Organization to come from sub-Saharan Africa. She also commended the other candidates for the sense of fair play they had displayed throughout the nomination process, and noted that the candidate from Iraq had withdrawn his nomination recently.

44. The Board's unequivocal choice of Mr. Yumkella as the next Director-General showed Member States' confidence in UNIDO by their selection of an internal candidate for the post. It was the beauty of the United Nations organizations that Mr. Yumkella, who came from a small country emerging from difficulty, had made that happen on the basis of his qualities to be the next Director-General. The Secretariat was looking forward to a smooth transfer of authority, which would enable the Organization to continue to work for sustainable industrial development and combat poverty, especially in Africa.

PROGRAMME AND BUDGETS, 2006-2007 (IDB.30/6, IDB.30/24)

45. **Ms. NORIEGA** (Observer for Guatemala), speaking as Chairperson of the Programme and Budget Committee (PBC), said that in pursuance of PBC conclusion 2005/3 she had continued consultations since

the Committee's twenty-first session with a view to seeking a solution that would be acceptable to all. Informal meetings had been held at various levels with representatives of regional groups and individually with representatives of some countries. There had been two meetings of the Enlarged Bureau of the Committee at which the two working papers annexed to her report (IDB.30/24) had been discussed. It had not yet been possible to reach a consensus on any specific proposal. Different positions had been made known at the twenty-first session of the Committee regarding the advisability of adjustments to document IDB.30/6. She had been asked to continue consultations, using the two working papers as the basis for negotiations. She stood ready to continue supporting actions in search of a definitive consensus that was favourable to all as well as to the Organization.

46. **Mr. NITIMIHARJA** (Indonesia), speaking on behalf of the Group of 77 and China, said that the Group was of the view that, in order to achieve the objectives set by Member States in implementing the Organization's mandate, the Secretariat needed to be provided with appropriate human and financial resources. The Group believed in the need to increase those resources directly related to Major Programmes C, D, E and F. However, in a spirit of compromise the Group had decided to accept the current proposal despite the reduction of 2 per cent in those programmes. The Group had actively participated in the work of the twenty-first session of the Committee, and shared the conclusions reached; it called on all Member States to show flexibility in order to reach consensus on the programme and budgets for 2006-2007.

47. **Mr. OMOTADE** (Nigeria), speaking on behalf of the African Group, said the Group commended UNIDO's continuous efforts to work towards improving the quality and efficiency of the programme for 2006-2007, but noted with concern the 2 per cent reduction in Major Programmes C, D, E and F and did not wish that reduction to affect technical cooperation delivery negatively in any way. As for Major Programme C, the Group urged the Secretariat to intensify efforts to advance the use of sustainable, renewable energy sources in rural areas and to expand the establishment of sustainable industrial resources management and cleaner production projects. The Group attached great importance to technical cooperation, and regarded trade capacity-building as an important tool to assist African industrial products in gaining access to international markets. In that regard, the Group welcomed the conclusion of the first phase of the programme launched by the UNIDO-World Trade Organization (WTO) partnership, comprising four African countries. The Group looked forward to rapid implementation of its second phase and the future expansion of the initiative to other countries. As for Major Programme E, the Group was pleased to note UNIDO's provision of assistance towards improving the entrepreneurial and technical skills of rural women. It should stimulate the productive capacities of micro, small and medium enterprises, especially in the agro-industry sector. The Group welcomed the close cooperation between UNIDO and the New Economic Partnership for Africa's Development (NEPAD) which had culminated in endorsement of the UNIDO-sponsored Africa Productive Capacity Initiative (APCI) as the industrial component of the NEPAD strategy. That would ultimately boost national and regional initiatives and cooperation in line with the established sectoral priorities.

48. As for the budget proposal for the biennium 2006-2007, upon which no decision had been taken by the Programme and Budget Committee at its twenty-first session, the Group was still of the view that it should be adopted as suggested by the Secretariat. The Group was highly concerned about the negative impact of any cuts on the implementation of technical cooperation delivery, especially as the proposal already included a reduction in some Major Programmes. The Group saw no reason for further cuts.

49. **Ms. CARRASCO MONJE** (Bolivia), speaking on behalf of the Group of Latin American and Caribbean Countries, said that the Group considered it appropriate to support the programme for 2006-2007, which continued along the lines of previous programmes and was based on the Business Plan. GRULAC expressed its gratitude to the Secretariat for its efforts to reduce the size of the operational budget, which was satisfactory provided the reduction did not affect the efficient provision of services; that would depend on the donor community allocating more resources to UNIDO's various programmes in priority areas and regions. GRULAC welcomed the support expressed by other regional groups for development in the Latin America and Caribbean region, and requested the Secretariat to formulate and establish a programme for the region on the basis of General Conference resolution GC.10/Res.8.

50. **Ms. HE Wangyang** (China) expressed her delegation's great concern regarding the failure to reach agreement on the programme and budgets for 2006-2007, during and since the twenty-first session of the Programme and Budget Committee. Budgets should guarantee the funding of technical cooperation projects in developing countries, but at the same time UNIDO should devote attention to reducing costs, including overheads, so as not to increase the financial burden on Member States. China hoped that the parties concerned would be able to reach a consensus on the programme and budgets during the current session of the Board.

51. **Ms. FEROUKHI** (Algeria) noted with satisfaction that UNIDO had consolidated its financial

situation and improved technical cooperation delivery. Algeria encouraged the Organization to continue its activities to support development in the countries of the South, especially Africa, in pursuit of the Millennium Development Goals, and to ensure that the poor countries received greater benefit from globalization. To do that, however, the Organization must have the financial means, and the programme and budget proposals for 2006-2007 were indispensable to enable it to play its role and make its contribution to sustainable and clean development.

52. Algeria was particularly encouraged by the positive results of the reform process, as confirmed in the report of the Office of the Comptroller General. However, the heavy dependence of the regular budget on extrabudgetary resources and the arrears accumulated over many years were causes for concern; Algeria urged its partners in the North to comply with the commitments they had undertaken at Monterrey on international financing for development, and appealed to Member States that had not yet done so to settle their arrears and to pay their assessed contributions regularly and on time.

53. Major Programme C, on energy and environment, had increased UNIDO's visibility as a result of its active role in the area of new technologies and sustainable development; the programme deserved support and encouragement. It was important to consolidate UNIDO's mandate in the area of renewable energy, and Algeria encouraged the Organization to continue and enhance its activities in the various national and regional centres that promoted clean technologies and give industries information on the availability of such technologies. Algeria wished to emphasize the importance of UNIDO's assistance to developing countries in honouring their commitments under multilateral environmental agreements, especially the Montreal Protocol. Algeria encouraged UNIDO to continue its assistance missions to developing countries in connection with the Stockholm Convention, and supported its assistance to the countries of the South under the Kyoto Protocol through the Clean Development Mechanism. As for the programme for the development of agro-industries, Algeria encouraged UNIDO to reinforce its information and technical assistance role, and also to continue and intensify the implementation of the programme for strengthening the standards, metrology, testing and conformity assessment infrastructure, because compliance with international norms and standards was vital for the circulation of goods and integration in the global economy.

54. **Mr. BRANCIFORTE** (Italy) said that in the past eight years UNIDO had undergone a major transformation which had affected both its operational activities and its administrative arrangements, and had made it more efficient in line with the results-based management philosophy which underlay the entire reform process. The budget presented at the twenty-first session of the Programme and Budget Committee reflected a thorough analysis of UNIDO's needs and took into account its stakeholders' high expectations in terms of quality outputs and accountability, within a framework of financial austerity. Italy, which was a major donor to UNIDO's activities, believed that the Organization had an extremely important role to play, even within its limited financial resources, as a catalyst for good development practices. That was particularly true of the activities in support of private-public partnerships to foster private sector development. For those reasons, Italy believed that the excellent results achieved so far needed to be consolidated through adequate budget resources, and therefore strongly supported the adoption of a budget that fully ensured effective backstopping and implementation of technical cooperation activities, as well as the good governance of the Organization, particularly with regard to the internal oversight function.

55. **Mr. DAVIES** (South Africa) said that document IDB.30/6 outlined programmes that were of critical importance for Africa, and correctly placed the programme objectives in the broader context of international development goals. In that regard, great concern had been expressed over the situation in many sub-Saharan countries regarding progress towards achieving the Millennium Development Goals (MDGs). Since approximately half of the members of the Southern African Development Community (SADC) were among the least developed countries (LDCs) and would stand to benefit from those programmes, his delegation urged UNIDO to ensure that all the programmes incorporated a southern African dimension.

56. **Mr. CHIKANDA** (Zimbabwe) expressed the view that the Board should adopt the proposed budgets as drafted. His delegation had noted the 2 per cent reduction across the board in Major Programmes C to F, covering activities from which many Member States derived benefits. It noted also the reduction of 6 per cent for the Office of the Director-General, which represented a departure from UNIDO's established policy. It was important to give the new Director-General a sound financial base. The proposed budget had been prepared as a complete unit with clear substantive programmatic delivery objectives that could only be attained with a viable financing package in the next biennium. Any cuts in the budget would hamper UNIDO's performance, particularly in terms of technical cooperation delivery at the field level, and would weaken implementation of the results-based management system.

IMPLEMENTATION OF THE MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007
(IDB.30/16; IDB.30/CRP.3 and CRP.7)

MEDIUM-TERM PROGRAMME FRAMEWORK, 2006-2009

57. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China and referring to agenda item 6 ("Implementation of the medium-term programme framework, 2004-2007"), said that the Group welcomed UNIDO's strategies for implementation of the medium-term programme framework and especially for the achievement of the MDGs, and welcomed the joint initiative of UNIDO and the United Nations Development Programme (UNDP) for the enhancement of private sector development through the enlargement of UNIDO's field presence. It was imperative to meet the requirements for the launch of field offices as soon as possible in order to reinforce cooperation and achieve greater synergies.

58. Regarding investment and technology promotion, the Group recognized the vast potential of such activities for enhancing technical cooperation activities aimed at strengthening national capacities for attracting foreign direct investment through South-South cooperation. The Group welcomed the fact that such activities had already included assistance to several national investment promotion agencies in upgrading capacities through training and the establishment of new programme areas.

59. Greater efforts should be made to enhance cooperation activities with diverse multilateral organizations in the area of trade capacity-building through technical cooperation methods that would assist developing countries and transition economies. The Group appreciated UNIDO's efforts to implement capacity-building training programmes and extend support to relevant government institutions, private sector associations and cluster-to-cluster cooperation activities. Such initiatives would enhance the resources of small enterprises that mainly supplied national markets but had export potential. The extension of such services to more developing countries and LDCs would, in the long run, lead to poverty reduction.

60. With regard to sustainable energy and climate change, the Group welcomed UNIDO's energy programmes aimed at providing modern energy services and promoting income-generating activities, since efficient energy use reduced pollution and improved productivity and competitiveness. Such initiatives should be reinforced and given wider coverage in developing countries and LDCs to ensure the realization of the MDGs. In that connection, efforts should be directed towards the promotion of business partnerships to support energy efficiency and cleaner technologies.

61. Recognizing the crucial role of financing in project implementation, the Group noted with satisfaction that UNIDO was making progress on fund mobilization for sustainable energy and climate change projects. It encouraged UNIDO to finalize negotiations with potential donors for funding Clean Development Mechanism projects. At the same time, the Group urged the Secretariat to redouble its efforts to explore further channels for financing all service modules.

62. Turning to item 9, he said that the two-year overlap period between the two medium-term programme frameworks should help to maintain broad continuity between them. The Group hoped that the 2006-2009 medium-term programme framework would conform closely to the strategic long-term vision statement.

63. **Mr. FABER** (Luxembourg), speaking on behalf of the European Union (EU) and of Bulgaria, Romania, Croatia, Turkey, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, Norway and Ukraine and referring to agenda item 6, said that the EU welcomed the close relationship between the new guidelines for programme and project management with the increasing adoption of the principles of results-based management (RBM). RBM constituted a means of improving the relevance, effectiveness and impact of the Organization's activities. In that context, the EU welcomed the formulation of a results-based programme and budgets document for the 2006-2007 biennium. Noting UNIDO's critical self-assessment of its results-based management work, the EU would like to encourage the Organization to address the identified areas where further progress could be achieved, particularly with regard to staff motivation towards results-based management principles.

64. UNIDO should consolidate its expertise in specialized niches where it had a comparative advantage. In that regard, the EU welcomed the measures put in place to enhance the technical competencies of UNIDO staff in the selected areas of intervention identified in the medium-term programme framework through technical workshops and focus seminars.

65. The EU looked forward to receiving further information on the follow-up given to efforts to implement strategic partnerships, such as the needs assessments and "kick-off" seminars that had been held in nine pilot countries following the signing of the *memorandum of understanding between UNIDO and* WTO in 2003 (IDB.30/16, para. 22). The EU also continued to strongly support the strategic alliance between UNIDO and UNDP in the area of private sector development.

66. Regarding agenda item 9, he referred to the EU intervention at the twentieth session of the Programme and Budget Committee. Copies of that statement were available from the EU Presidency on request.

67. **Mr. OMOTADE** (Nigeria), speaking on behalf of the African Group and referring to agenda item 6, said that the Group commended UNIDO's efforts in facilitating the adoption of the Africa Productive Capacity Initiative, which was expected to strengthen poverty reduction in Africa.

68. Greater emphasis should be placed on exploring the use and application of new financial tools to support productivity and technology, as well as upgrading private sector enterprises in developing countries and LDCs.

69. UNIDO should broaden its private sector development strategy by extending its business partnership programme to more developing countries.

70. The Group welcomed UNIDO's efforts to implement capacity-building training programmes and extend them to relevant government institutions, private sector associations and cluster-to-cluster cooperation activities. Those efforts should be extended to more developing countries with a view to poverty reduction in line with the MDGs.

71. With regard to agro-industries, the Group appreciated UNIDO's continued provision of technical assistance to many African countries that mainly depended on agriculture. Due consideration should be given to agro-food, fibre processing and product innovation in order to enhance market access capabilities.

72. Turning to agenda item 9, he said that the Group noted that the content of the 2006-2009 medium-term programme framework fell within the scope of efforts to achieve the MDGs within the Organization's mandate and core competence. The Secretariat should focus its activities on providing technical cooperation delivery in those areas in which it had a comparative advantage. Regarding the regional approach and its application to Africa, programmes should be implemented within the framework of NEPAD and the programmes of subregional organizations. The Group encouraged the Secretariat to continue its efforts in collaboration with Member States with a view to ensuring effective project and programme implementation.

73. **Ms. CARRASCO MONJE** (Bolivia), speaking on behalf of the Latin American and Caribbean Group, said that the Group welcomed the effective implementation of the 2004-2007 medium-term programme framework.

74. With regard to the activities described in document IDB.30/16, GRULAC welcomed the fact that the Secretariat, in addition to continuing to streamline the programme and project approval process, was using a management control framework for programme and project formulation and implementation with a view to enhancing the relevance of UNIDO's activities. In that connection, it encouraged the Secretariat to continue applying measures of critical self-assessment in relation to other operational aspects of the Organization and to continue promoting the enhancement of staff competencies.

75. Referring to the information provided on each of the Organization's service modules, she said that, in the area of industrial governance, it was important to continue the work of refining the methodology for strategic industrial diagnosis, which was vital for the formulation of public policies and the implementation of industrial development programmes and projects. Investment and technology promotion activities should be monitored with a view to quantifying their effects in terms of channelling and sustaining foreign investment. With regard to industrial competitiveness and trade, and in particular the agreement between UNIDO and WTO, GRULAC would like to be informed of the results of activities carried out in the nine pilot countries, and to see further activities undertaken in other countries. Turning to agenda item 9, she said that the Group trusted that continuity in the implementation of integrated programmes and programme frameworks along the lines indicated in UNIDO's Business Plan and the long-term vision statement would lead to greater effectiveness and sustainability in UNIDO's technical cooperation activities.

76. **Ms. POLO FLOREZ** (Colombia), referring to agenda item 6, expressed the hope that the results of Colombia's investment and technology promotion activities carried out jointly with UNIDO might be taken as a reference for future actions in other Member States. Satisfactory results had been obtained in investment promotion under Colombia's Integrated Programme through the establishment of regional centres for investment, information and technology, which involved direct alliances with chambers of commerce in various cities in Colombia. The results achieved by those centres notably included the launch of 38 national projects which, with UNIDO's support, were being promoted by a number of investment and technology promotion offices around the world.

77. Colombia attached great importance to ensuring the continuity of those results and broadening the experience already gained through implementation of the memorandum of understanding between UNIDO and WTO on the promotion of industrial and commercial competitiveness.

78. It urged the Secretariat to actively encourage the involvement of research centres and the academic establishment in the development of the research programme for the medium-term 2004-2007.

79. **Ms. WANG Ying** (China) welcomed the operational plan and strategy adopted by UNIDO and the measures taken towards achieving the MDGs, and noted with satisfaction the progress made on projects carried out under the service modules. However, despite the progress achieved in terms of cooperation between UNIDO and other multilateral agencies, there was still much potential for UNIDO to push forward South-South cooperation, and much remained to be done to raise awareness of South-South cooperation, strengthen fund mobilization, improve cooperation and coordination among different bodies and promote the implementation of specific projects. The medium-term programme framework 2006-2009 should be drawn up on the basis of the medium-term programme framework 2004-2007, and should be consistent with the Organization's long-term vision in order to ensure sustainability in programme and project implementation. It was important to strengthen the Secretariat's capacity to mobilize financial resources, which should be regarded as the Organization's top priority, to improve the implementation of South-South cooperation, providing organizational and financial guarantees for the implementation of relevant plans and strategies, and to accord priority to the development of renewable energy projects, including wind energy, tidal and wave energy, biomass and micro hydroelectric power plants. The application of micro hydroelectric power plant technology could be of particular benefit to the developing countries in their efforts to overcome energy shortages, reduce poverty, promote development and raise living standards.

80. China was ready to cooperate with other developing countries in promoting the application of such technologies. Her delegation hoped that the small-scale hydroelectric power plant projects that UNIDO had begun to implement in African regions would be extended to Latin American countries.

81. **Mr. SHIGEEDA** (Japan) said that his delegation commended UNIDO's efforts in implementing various programmes under the medium-term programme framework, 2004-2007. In that regard, Japan supported UNIDO's mobilization of diverse financial resources such as the United Nations Trust Fund for Human Security, the Montreal Protocol on Substances that Deplete the Ozone Layer and the Global Environment Facility. It expected further utilization of the Trust Fund for Human Security in the coming years.

82. **Mr. MANINI** (Institution for the Use of Micro-Alga Spirulina against Malnutrition) said that the Institution for the Use of Micro-Alga Spirulina against Malnutrition, which fully supported the objectives of the United Nations system and sought to promote intergovernmental cooperation, was engaged in the development of Spirulina as an emergency foodstuff and a product with global market potential that could help to strengthen the industrial, fishing and nutrition sectors. Spirulina was important in terms of food safety, and had a tangible economic impact. The stimulation of economies through the use of new technologies would improve living standards in those countries in greatest need of such assistance.

The meeting rose at 5.50 p.m.